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Chrysler pushes AMC sales

Plans call for C-P, Dodge dealers to maintain market share

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Motors' strategy through the end of the decade calls for its Chrysler-Plymouth and Dodge dealer network to maintain current car market share in the face of mounting competition while the car share for the American Motors network increases.

Chrysler Corp. Chairman Bennett E. Bidwell said in an interview that Chrysler does not anticipate a "huge" growth in car-market share if Chrysler acquires AMC, but that Chrysler will try to build car share through the AMC channel.

He also said that the AMC field organization will be disbanded when Chrysler takes over. Changes in Chrysler's marketing organization also are expected, he said.

Asked about the concern of Chrysler Motors dealers that Chrysler products will be used to strengthen the AMC franchise, Bidwell said, "There is something called equality of sacrifice, equality of gain.

"If we can bring some good AMC products into our network and a few of ours into their network, I think everybody will benefit, as long as the products are good — and I think Jeeps and minivans are good products. We've got to do it very carefully.

"If, in the face of all the doom and gloom with 38 competitors in there, we can do the job of holding Dodge and Chrysler-Plymouth penetration between 10 and 12 percent, I think we'll have a damn good franchise on both sides of the house," Bidwell said.

"Building share at AMC is just doing *anything*. They are at two-tenths or three-tenths of a point. That's just selling a few cars."

Chrysler's share of the U.S. car market was 11.1

see CHRYSLER, page 61

AUTOMOTIVE NEWS/JOE WILSSENS

Bidwell: AMC field organization will be disbanded when Chrysler takes over

PORTS

Imports clog ports amid slow sales, possible dock strike

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Imported cars and trucks are languishing at the nation's leading ports — some for more than a month — before being routed to dealers, say port authorities and car processors.

The buildups apparently are due to lagging sales nationwide and concern by foreign automakers over contract talks between West Coast shippers and stevedores.

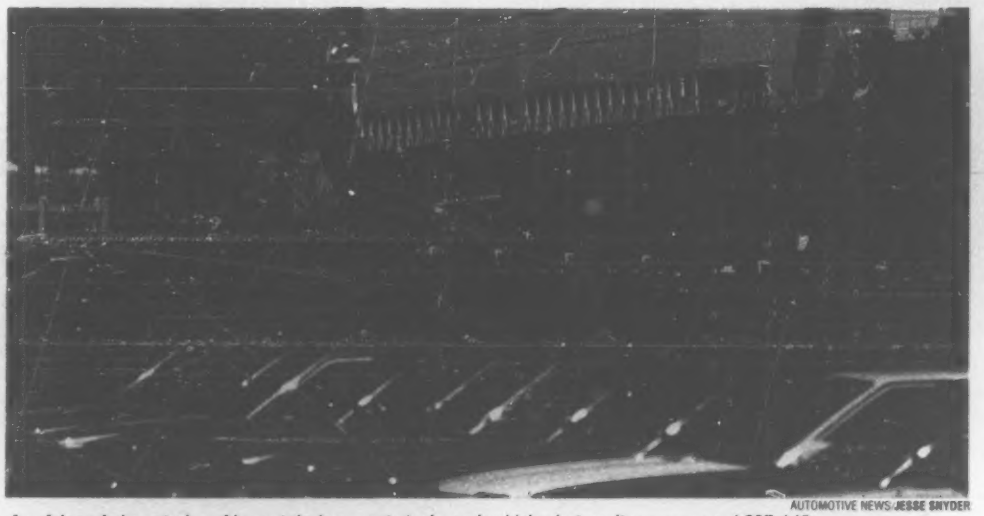
The International Longshoremen and Warehousemen Union's contract, covering 9,500 dock workers on the West Coast, expires June 30.

"Traditionally, there is a lot of movement of cargo prior to a deadline because some exporters like to hedge their bets, but work levels so far appear to be normal," said Charles Young, labor relations administrator for the Pacific Maritime Association.

Dock workers have not struck in nearly a decade, but a truck haulers' strike in 1985 — idling 20,000 drivers and maintenance and warehouse employees — virtually shut off the flow of new cars and trucks to dealer showrooms. Vehicles piled up at docks and railheads, but there were no production cutbacks.

As of June 1, the combined inventories of import dealers, port stocks and vehicles in transit stood at a record for the month of 837,145 units, up sharply from 565,699 a year earlier and 389,815 two years earlier.

see PORTS, page 57



AUTOMOTIVE NEWS/JESSE SNYDER

As of June 1, inventories of import dealers, port stocks and vehicles in transit were a record 837,145

New sales networks prepared

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — A race toward announcement of a second U.S. distribution channel is developing between Nissan Motor Corp. in U.S.A. and Toyota Motor Sales U.S.A.

Both are expected in the next month or two to make formal announcements of separate franchises to market larger, upscale models intended to compete against European imports in the booming high-end market (Automotive News, June 1).

Insiders say Nissan may beat Toyota to the announcement punch, but Toyota has a clear lead in product and dealer development for its new division, expected to start operations for the 1989 model year.

"Toyota is gearing up for a 1989 launch in force," one industry source said. "Nissan hasn't started yet on selecting which of its dealers will get a second franchise and it doesn't have its ducks in a row on a full line of models, so the only thing left for Nissan is to beat Toyota in making the announcement.

"Nissan has too many internal problems to have a full-fledged second franchise by next fall, but it probably could patch something together in a pinch. It doesn't want to be too far behind both Toyota and (American Honda's second division) Acura."

Nissan President Yutaka Kume confirmed last week in Tokyo that Nissan is considering a new luxury car for U.S. export.

Japanese press reports quoted Kume as describing a three-model lineup for the new division as a widened V-8 sedan version of the redesigned Cedric, a sporty model

see NETWORK, page 57

Soviet automotive plans include U.S. export in '91

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

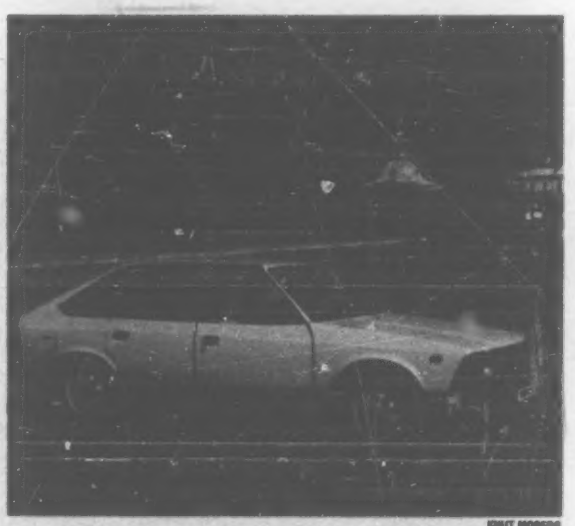
MOSCOW — The Soviet Union's AZLK auto factory in Moscow — using new independence from central industrial planning — will export its new front-wheel-drive Moskvich 2141 compact to the United States beginning in 1991.

AZLK President V.P. Kolomnikov said Moskvich plans to enter the American market after preparing a new U.S.-specification engine that could be developed in tandem with a Western automaker.

During a series of interviews with Soviet auto industry officials in Moscow and at the huge Volga Automobile Togliatti, it was also learned that:

- The Avtoexport arm of the Soviet Foreign Trade Ministry has revived dormant talks with Volkswagen for cooperation on development of the new Moskvich engine.
- Plans for Western introduction of the 2141 model at the Frankfurt Auto Show in September have been canceled. The new Moskvich will debut at the Brussels show in January, thus delaying the car's Canadian launch several months.
- The first Canadian-bound shipment of the new front-drive Lada Samara models was scheduled to leave Leningrad last week — nearly a year behind the original schedule.

see MOSKVICH, page 36



IDRUT MODERG

Five-door, 171-inch-long Moskvich will be renamed for export

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U.S. importers watching Korean politics Page 2
AMC dealers expected to sell Chrysler minivans Page 3
Navistar pushing more dealer services Page 58

Chrysler expands in aerospace

DETROIT — Chrysler Corp. has announced plans to buy Electrospace Systems, a Texas-based defense electronics contractor, for $367 million.

Under a merger agreement, Chrysler will pay $27 a share for all of the stock of Electrospace Systems, Richardson, Texas. Chrysler already has been granted options by Electrospace Systems' four founding shareholders to acquire their 38 percent of the company's outstanding shares.

The Electrospace Systems business will be teamed with Chrysler's Gulfstream Aerospace Corp., which makes executive jets.

Chrysler has said that it was shopping for a defense and/or electronics firm as part of its effort to diversify from the cyclical automotive business.

In a statement, Chrysler Chairman Lee Iacocca said Electrospace Systems will make a real contribution to Chrysler in the high-tech area, especially teamed with Gulfstream.

Iacocca said there are no plans to merge Gulfstream and Electrospace Systems. Rather, they will operate as "sister companies within Chrysler Corp."

Electrospace Systems had net income of $10 million on sales of $191 million for its fiscal year that ended April 3. About 92 percent of its sales were to the military. Over the past 10 years, the company has achieved a growth rate of 33 percent in revenue and 31 percent in net income, compounded annually, Chrysler said. It employs 2,500 people at three major locations.

Electrospace Systems designs, develops and installs state-of-the art communications and electronic systems and equipment for specialized needs of military and commercial customers worldwide.

The largest of Electrospace Systems' five business areas is its Command-Control-Communications Systems (C3), which accounts for about 40 percent of sales.

Electrospace Systems' other four major business areas are: aircraft modification, switching and intelligence systems, technical services and commercial telecommunications equipment.

The tender offer is expected to begin by June 25 and will be managed by First Boston Corp.

Lotus is active in Detroit AUTOMOTIVE NEWS/JOE WILDERS

Satoru Nakajima drove the Honda-powered Lotus with computerized active suspension through the streets of Detroit in a practice session for the Detroit Grand Prix, June 19-21. In addition to Lotus, auto manufacturers demonstrating their Formula One racing wares before peers in Detroit included Alfa Romeo, BMW, Ford, Honda, Ferrari and Porsche. The new Lotus suspension is of particular interest to automakers because it has production-car applications.

Makers extend incentives; some models off the list

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

Domestic automakers fine-tuned incentive programs last week to reduce the 2-million-car inventory.

Both General Motors and Ford Motor Co. had programs that expired June 15.

Ford indefinitely renewed the cash rebate or optional 3.9 annual percentage rate finance incentive on some models. Ford dropped Taurus, Sable, Tempo, Topaz, Club Wagon and the F150/250 pickups from the program.

That left automatic transmission Escort and Lynx models with a $300 rebate option and manual transmission Escort and Lynx models with a $600 rebate option. Ford also offers $800 on two-wheel-drive Ranger models and $1,000 on four-wheel-drive Rangers and Bronco II and 1987 Merkur XR4Ti models.

Chrysler Motors, with a 24-month 3.7 percent loan program that has been running since April without a closing date, added the Mitsubishi-built Dodge Ram 50 pickup truck.

GM's divisions late in the week extended their programs, with some modifications, making them retroactive to June 16.

GM's cash rebates range from $300 on Spectrum Express to $500 on Corsica, Beretta, Cavalier, Nova and most other Spectrum models to $1,000 on Camaro, S-10 Blazer and most S-10 pickups.

Low GMAC finance-rate options range from 3.9 percent for 24 months or less to 9.9 percent on 60-month paper.

Pontiac extended its program to Aug. 3, with the same interest-rate schedule, but dropped Grand Am, 6000 and 6000 STE. That left Sunbird and Fiero with a $500 cash rebate option, Bonneville with $800 and Firebird with $1,000.

Buick also left its program open-ended, but dropped Century, Skylark, Somerset and Skyhawk from the program. Electra and Park Avenue have 3.9 percent financing or a $1,200 cash rebate option and LeSabre has 3.9 percent financing with an $800 rebate option.

The Oldsmobile program, also without a closing date, dropped Firenza, Calais and Cutlass Ciera, leaving the 3.9-percent loans or $800 cash on Delta 88 and 3.9 percent or a $1,200 rebate on 98 Regency.

American Motors' program has no closing date. AMC increased its cash option on Medallion to $500; the loan options range from 3.9 percent for 24-month contracts to 9.9 percent for 60-month contracts.

The program offers zero-percent financing for 24-month contracts, up to 9.9 APR for 60-month paper, or rebates of $500 on 1987 Renault Alliance and GTA models, 1986 Alliance and Encore models, and 1986 and 1987 2wd Jeep Comanche models except shortbed, and $1,000 on 4wd models.

For Jeep Cherokee, the option is 3.9-percent loans or $1,000 on 1986 and 1987 two-door models and 5.9 percent or $600 on four-door Cherokees and Jeep Wagoneers. Dealer participation is required.

Chrysler expected to sell its minivans through AMC dealers

By Laura Clark and Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTERS

DETROIT — Chrysler is expected to will sell its minivans through American Motors dealers once Chrysler's takeover of AMC is completed.

Documents filed by Renault with the Securities and Exchange Commission show Chrysler Corp. will not be required to make a contingency payment to Renault if it sells Jeep-branded minivans through AMC dealers. Such a contingency payment will be required if it cross-sell other models.

Chrysler must pay a fee to Renault if a current Chrysler model replaces an existing model in Jeep's lineup and is sold under the Jeep brand name, according to the documents. The provision excludes the Chrysler minivan but includes the Dodge Raider, imported from Mitsubishi.

Chrysler also will make contingency payments to Renault for each Premier and Jeep model sold through Chrysler's distribution network, according to the documents.

The fees are based on a formula outlined in the the documents and will apply to vehicles sold through Dec. 31, 1991.

Chrysler Vice Chairman Bennett Bidwell said "good" AMC products will be brought into the Chrysler distribution network and "good" Chrysler products will be sold through the AMC network. "And I think Jeeps and minivans are pretty good products," he said.

The SEC documents list the names of AMC executives and former executives that are "protected" employees with employment and severance agreements. The details of those agreements will be outlined in the upcoming proxy statement, expected to be filed this week.

The "protected" employees are: Geoffrey Banks, president of American Motors Financial Corp.; Richard A. Calmes, vice president; Joseph E. Cappy, president; Francois J. Castaing, group vice president; Joseph A. Chama Srour, controller; Tod O. Clare, vice president; William E. Enockson, group vice president; Thomas J. Foley, vice president; Gerard Gastaut, vice president; and Kenneth A. Lawton, vice president.

Also, John W. Mowrey, vice president; Jesus Peon, vice president; Pierre Semerena, chairman; John M. Sheridan, secretary; Jerry L. Sloan, vice president; Marvin W. Stucky, vice president; John P. Tierney, vice president; Paul Tippett, former chairman and president; Gerald D. Meyers, former chairman; A. Keith Ebersole, former vice president; George A. Maddox, retired vice president; Peter G. Guptill, former group vice president; and Royston Lund, retired vice president.

Potamkin, Penske talking

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — The Penske Group is negotiating with Victor Potamkin, the largest Cadillac dealer in the nation, to acquire control of the Potamkin Cadillac operation in New York City.

The negotiations were confirmed by various sources, but a price was not disclosed.

Potamkin has two Cadillac locations in Manhattan.

If the negotiations result in Penske taking over the Cadillac franchise, Potamkin will retain three dealerships in the city, handling Chrysler, Dodge, Plymouth, Sterling, Mitsubishi, Toyota and Volkswagen.

The Penske Group has two Cadillac franchises in California but no dealerships in New York state.

Both organizations are billion-dollar operations. Potamkin, with 41 dealerships in five states, had $1 billion in sales last year.

The Penske Group, headed by Roger Penske, has seven dealerships; a truck leasing company, Hertz-Penske; and other businesses. Last year, it purchased Longo Toyota, El Monte, Calif., the largest Toyota dealership in the country.

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World Congress slates marketing specialists

As a 16-year-old car hobbyist, Rick Cole judged his first concours d'elegance.

Today, at 32, he is president of Rick Cole & Associates, a collector-car auction house based in Studio City, Calif., that has been averaging more than $10 million in gross sales annually.

Cole will join with five other retail-market pros in sharing their expertise with attendees at the 12th annual Automotive News World Congress, to be held July 26-29 at the Hyatt Regency Hotel in Dearborn, Mich.

The others are: Mary Falvey-Fuller, a management consultant and president of Falvey Motors of Troy (Mich.) Inc.; John J. Ferron, vice president, National Automobile Dealers Association; Jayne Hamilton, president, Market Development Associates Inc.; D. Forbes Ley, executive director, Sales Success Institute Inc.; and Michael Wayne, chairman and president, Durakon Industries.

In addition to Falvey Motors of Troy, which sells Jaguar, Saab and Sterling cars, Falvey-Fuller has two other dealerships in the Detroit suburb: Falvey Toyota Inc. and Falvey Volkswagen Inc. She also is a management consultant — and will use that experience to address how dealerships can operate more effectively.

She is the Detroit Metropolitan Area Dealers' representative on the Toyota Regional Advisory Council, and Jaguar rep for Michigan of the American International Automobile Dealers Association.

Falvey-Fuller has served on President Reagan's Transition Task Force on Social Security, the National Commission on Social Security Reform and the National Advisory Council on Social Security.

Ferron supervises NADA's government, industry and dealership relations activities. As NADA's second-ranking staff executive, he coordinates policy positions for the largest retail automotive consulting group in the industry.

Hamilton founded Market Development Associates, a market research, training, publishing and consulting firm in Bloomfield Hills, Mich.

The author of "How to Sell Cars and Trucks to Women," Hamilton's expertise on issues related to women, cars and trucks is recognized industrywide. Her World Congress topic will be "Changing Global Views on the Women's Market."

Before founding Durakon in 1979, Wayne was national and international manager of the General Motors account for IBM and developed a number of innovative sales concepts and marketing tools for the company.

Under his leadership, Durakon, based in Lapeer, Mich., has become the world's largest producer of pickup truck-bed liners.

Ley, head of the Sales Success Institute, will speak on the topic, "America Has Lost Its Ability to Sell," at this year's World Congress.

This year's Congress will feature more than 30 speakers, who will share their knowledge and viewpoints on where the car and truck industry stands today and where it is headed.

For further information, write: Automotive News World Congress, 1400 Woodbridge Ave., Detroit, MI 48207, or call (313) 446-6047. Overseas inquiries cable: 810-221-5122 AUTNEW.

May truck sales by manufacturer and segment

		CLASS 1-3	CLASS 4	CLASS 5	CLASS 6	CLASS 7	CLASS 8	TOTAL 1987	TOTAL 1986
CHRYSLER	MO	63,298						63,298	64,921
	YR	276,597						276,597	299,302
JEEP	MO	17,146						17,146	15,979
	YR	81,106						81,106	78,778
TOYOTA	MO	32,896						32,896	38,478
	YR	129,596						129,596	154,896
NISSAN	MO	15,853						15,853	21,104
	YR	92,464						92,464	93,292
MAZDA	MO	10,701						10,701	15,206
	YR	49,339						49,339	59,630
ISUZU	MO	7,104						7,104	3,865
	YR	38,491						38,491	34,543
MITSUBISHI	MO	4,647						4,647	2,684
	YR	20,379						20,279	14,190
SUZUKI	MO	8,000						8,000	4,436
	YR	36,942						36,942	16,623
SUBARU	MO	96						96	240
	YR	935						935	1,261
RANGE ROVER	MO	220						220	0
	YR	469						469	0
FORD	MO	125,460			731	2,909	1,203	130,303	131,740
	YR	574,903			4,266	12,233	4,872	596,274	553,969
FREIGHTLINER	MO						2,000	2,000	1,552
	YR						8,775	8,775	7,161
CHEVROLET	MO	99,413		29	776	684	48	100,921	125,829
	YR	464,892		85	3,178	3,142	170	471,467	525,460
GMC	MO	24,577		173	640	2,599	871	28,860	32,572
	YR	122,169		2,873	2,811	11,209	3,978	142,839	144,759
KENWORTH	MO					5	1,167	1,172	868
	YR					35	5,413	5,448	3,219
MACK	MO				171	227	1,781	2,179	2,049
	YR				1,135	1,322	7,362	9,820	8,998
MERCEDES	MO				120	222		342	291
	YR				680	949		1,629	1,507
NAVISTAR	MO		9	40	768	2,435	2,081	5,331	5,800
	YR		31	142	4,084	12,418	10,816	26,471	27,730
PETERBILT	MO					24	1,049	1,073	857
	YR					24	4,040	4,064	3,796
VOLVO	MO					143	1,013	1,156	1,113
	YR					989	4,417	5,085	5,048
HINO	MO			60	33	117		210	0
	YR			187	202	393		782	0
NISSAN DIESEL	MO			42	16	61		119	0
	YR			156	119	296		571	0
ISUZU TRUCK	MO	441		13	20			474	508
	YR	1,895		49	86			2,030	2,159
MITSUBISHI FUSO	MO	45			11	36		92	0
	YR	172			57	128		357	0
SCANIA	MO						12	12	0
	YR						63	63	0
IVECO TRUCKS	MO	85	52	72	15			222	0
	YR	547	250	249	45			1,090	0
WESTERN STAR	MO						105	105	0
	YR						545	545	0
OTHER DOMESTICS	MO				24		117	141	130
	YR				49		441	490	524
GRAND TOTAL	MO	409,880	61	429	3,323	9,949	11,448	434,855	458,081
	YR	2,060,238	281	3,840	16,871	47,218	51,667	2,209,181	2,072,347
1986 YR to DATE		1,895,416	0	1,591	17,146	41,501	46,530		

Class 1-3 sales data reported by individual manufacturers. Class 4-8 data reported by Motor Vehicle Manufacturers Association.

Heavy trucks strong in slow May market

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Total truck sales, including light, medium and heavy trucks, were off 5.1 percent in May, but the five-month count was 1.7 percent ahead of last year's.

The industry retailed 434,655 trucks in the United States in May, down from 458,081 in May 1986.

For five months, total truck sales of 2,006,161 were marginally ahead of last year's 1,972,347.

The medium and heavy truck segments continue to be strong, with some manufacturers enjoying particularly robust gains.

Class 8 retail sales of 11,448 in May were up 13.6 percent from 10,077 last year, according to the Motor Vehicle Manufacturers Association.

For five months this year, Class 8 sales of 51,892 were up 12.0 percent over 46,330 last year, according to MVMA.

Within Class 8, Freightliner, Kenworth and Peterbilt had a particularly strong month.

Freightliner retailed 2,000 Class 8 trucks in May, 28.9 percent more than last year.

It retailed 8,775 heavy trucks during the first five months of this year for a 22.5 percent gain over 1986.

Similarly, PACCAR's Kenworth and Peterbilt had sales gains of 35.0 percent and 25.2 percent, respectively, last month.

Kenworth's sales of 1,172 were up from 868 last year. Peterbilt's sales of 1,073 were up from 857 in May 1986.

Class 7 sales of 9,443 trucks in May were up 12.8 percent from 8,370 last year. Through May, Class 7 sales of 42,818 units were up 2.2 percent over 41,901 a year earlier.

Class 6 sales of 3,323 units last month were off 6.5 percent from 3,555 a year ago. Year-to-date through May, their total of 16,671 was down 2.8 percent from last year's 17,149.

Class 5 sales of 420 trucks in May were more than double the 185 retailed last year, due largely to the influx of import firms.

For five months, the 3,540 Class 5 sales also more than doubled the 1,551 units sold in that medium-duty segment last year.

Class 4, although small, also is growing. There were 61 retail deliveries reported in the segment during May and 281 for five months, compared to none reported last year.

The light-duty, Class 1-3 category accounted for 409,960 retail deliveries in May, off 5.9 percent from 435,386 last year.

For five months, the light-duty total of 1,890,959 was a record, topping the previous high of 1,865,416 in 1986 by 1.4 percent.

Rockwell forms clutch venture, boosts stake in Brazil axle firm

TROY, Mich. — Rockwell International has put together several deals to enhance its truck operations.

Rockwell and Daikin Manufacturing Co., of Japan, formed a joint-venture company called Rockwell Clutch Co., designed for entry to the North American truck clutch market.

Rockwell Clutch will design, develop and manufacture clutches for medium- and heavy-duty trucks for North America. Rockwell International will hold majority interest in the firm.

Daikin will provide the clutch manufacturing expertise, and Rockwell will contribute an established field-sales force and original-equipment marketing network in North America.

Arthur P. Ronan, president of Rockwell's Automotive Operations, said the deal would enable Rockwell to enter the North American medium/heavy truck clutch market from a position of strength and furthered its objective of providing customers with an integrated powertrain system.

James D. Clifford, previously Rockwell director of purchasing, was named president of the new company. Keisuke Fujimoto, previously a director of Daikin and manager of its international projects, was named executive vice president.

Rockwell Clutch Co. expects to supply its first clutch products by late 1988 from a U.S. facility.

Separately, Rockwell said it acquired an additional 51 percent of Braseixos SA, an axle manufacturing firm in Sao Paulo, Brazil, from the Cobrasma Group. The purchase gives Rockwell 99 percent ownership of the company.

Braseixos builds axles for cars; light, medium and heavy trucks and tractors; buses; and off-highway equipment.

Rockwell also announced that it has expanded its on-board truck computer system.

The company predicted that the new system will enable drivers to obtain a waiver from federal laws requiring them to maintain annual driving logs.

Rockwell is offering a new automatic driver logging option for its Tripmaster Plus on-board computer system.

The option is designed to simplify and automate the motor carrier's entire log-keeping process and reduce operating and clerical costs.

The Logtrak option will also enable motor carriers to apply to the Federal Highway Administration for a waiver on manual driver logging, according to Stephen M. Humphrey, vice president and general manager of Rockwell's Transmissions and Automotive Electronics business.

The Auto Carrier Division of Leaseway Transportation Corp. has asked the Department of Transportation to waive the requirement of manual log-keeping for its 3,400 drivers in favor of data collected and stored electronically by Rockwell's Tripmaster Plus system with the Logtrak option.

The FHA is reviewing Leaseway's waiver request. Leaseway said that the electronic recording of information is more accurate and comprehensive, is less costly to administer and is a faster method of identifying unsafe driving habits.

SERVICE MANAGEMENT

Ford has diagnostic computer for '88 Continental

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

When computers in the new 1988 Lincoln Continental chatter, a computerized diagnostic system will listen.

Ford Motor Co.'s new Service Bay Diagnostic System will be introduced to Lincoln-Mercury dealers in a pilot program starting late this year. It is a computer that guides technicians through the repair of Ford's electronic engine control (EEC-IV) unit and the many components with which that unit interacts.

The system will initially be programmed to link with the 1988 Lincoln Continental, but will also contain some service information relating to Taurus/Sable models.

Ford plans to market the system to dealers nationwide by the "third or fourth quarter of 1988," according to Robert A. Rechul, supervisor of service systems design for Ford Parts and Service Division.

By the early 1990s, Ford expects to be able to link all of its models into the Service Bay Diagnostic System. All Ford automobiles currently use the EEC-IV system but the new Lincoln is the first Ford to include additional "Data Communication Link" circuitry that allows the engine computer to "talk" to the diagnostic computer.

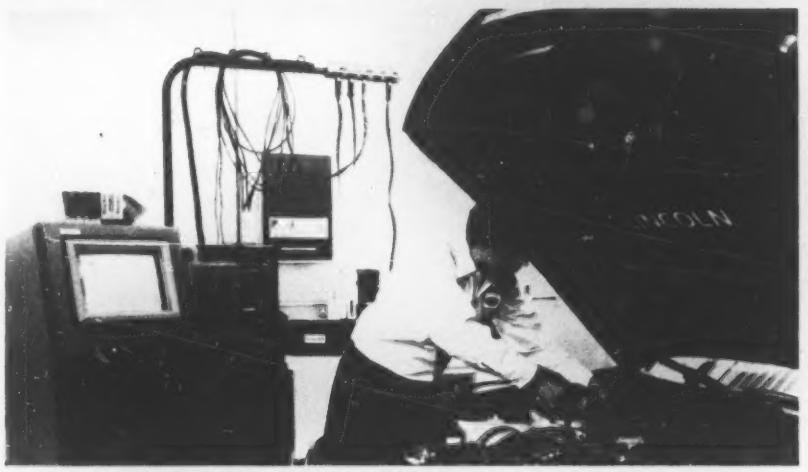
When the diagnostic computer is introduced nationwide, plans call for additional Ford vehicles to be equipped with the Data Communication Link circuitry.

The Service Bay Diagnostic System was developed in conjunction with Hewlett-Packard Co. and incorporates a touch screen Hewlett-Packard computer and printer.

The diagnostic system taps into the EEC-IV system through the Data Communication Link and listens to the EEC-IV "talk" to other electronic modules in the system, Rechul said. Those other modules include the electronic instrument cluster and the message center.

The diagnostic system can also download programs through the EEC module to activate sensors and actuators.

In order to detect intermittent problems, the Service Bay Diagnostic System has a portable engine analyzer that can be operated during a road test.



The Service Bay Diagnostic system will soon aid Lincoln technicians

Rechul said the system was designed to attack repair diagnostics in three ways. The system extracts data from the EEC-IV system and sets up an automatic diagnostic procedure.

The system can communicate with Ford's OASIS (On-Line Automotive Service Information System) to receive technical information from a central data bank in Dearborn, Mich.

Finally, the system can show the technician service bulletins and technical drawings on its video touch screen and printer.

Donald Morgan, supervisor of advanced service engineering for Ford Parts and Service Division noted that the computer controlled actuators and sensors on current cars are seldom placed in a standard location and often differ in appearance. It is important for a technician to see what the parts look like, especially on newly introduced cars, he said.

Rechul said that a technician using the Service Bay Diagnostic System selects an area where the suspected problem lies, be it ignition, fuel system or EEC module. The system guides the technician through a diagnostic "tree." If the technician needs additional assistance — to see what a part looks like, for example — he can ask for help by pressing a button on the touch screen.

In a case where a problem is narrowed down to a sensor, for example, the technician can plug the machine into the part and simulate the voltage it is supposed to receive. In that way, the technician can determine if the problem lies in the part or the wiring.

Ford is also developing "artificial intelligence" programming for the Service Bay Diagnostic System.

Rechul said that "artificial intelligence" would allow the machine to initiate a strategy for attacking a problem. In other words, the machine would determine which area to attack — ignition, fuel or EEC module. Artificial intelligence would also allow the Service Bay Diagnostic System to track the problem automatically to a specific component. At that point, the technician might be asked to connect the machine directly to the component to test for a flaw in the component, the connection, or the wiring.

Some artificial intelligence capability will be available in the pilot system and still more will be incorporated by the time of the national rollout.

The artificial intelligence capability is under joint development by Ford and the Carnegie Group, of Pittsburgh.

Ford also is developing a "Read Only Memory" compact disc system for the Service Bay Diagnostic System that could hold about two years of shop manuals — 40,000 pages — for the complete Ford line. That system should also be in place at the time of the national rollout. Currently, only Lincoln Continental and Taurus/Sable information is stored.

Ford officials noted that the new Lincoln can be repaired by conventional means, but the Service Bay Diagnostic System is designed to raise the skill level of the average mechanic to an expert level.

No price has been set, but Rechul said the diagnostic system will be priced comparably to high-end test equipment — $15,000 to $25,000.

General Motors has a diagnostic computer that is similar to Ford's in its IBM PC-based Computerized Automotive Maintenance System, currently in use at Buick dealerships.

Chrysler's diagnostic strategy reportedly is concentrated on developing sophisticated on-board diagnostics that can be read by hand-held diagnostic equipment.

Most Big Three vehicles can be diagnosed using hand-held equipment. The Chrysler strategy calls for improvements in that technology.

Shop volume shows gain of 4% for April

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

The Automotive News Service Index rose 4.1 percent in April compared with April 1986. It was the third monthly gain in a row.

In March, service and parts volume at new-car dealerships was up 8.6 percent over the 1986 figure.

In the first four months of 1987, shop business showed an advance of 3.7 percent over the same period in 1986.

A Western Buick dealer attributed his increase in service volume to an added franchise and to a "better job of selling labor by service advisers and technicians."

A Chevrolet dealer in the Northeast said, "The use of a team system has helped utilize space and increase productivity."

A Ford dealer in that area attributed his increase to a change in service management.

And a Midwest Ford dealer tied his increase to strong fleet sales (and service) and summer tuneups.

All indicators, with the exception of repair orders written, showed gains in April. Repair orders, which were down 3.2 percent from last year, often lag slightly behind the other indicators.

Sales of all parts and accessories registered the biggest gain in April, up 6.6 percent over April 1986.

SERVICE INDEX
104.1*

	April '87 vs. April '86	4 mos. '87 vs. 4 mos. '86
Gross Profit on All Labor and P&A Sales	+8.2%	+5.1%
Repair Orders Written	−3.2%	−4.2%
Total Labor Sales (Customer & Warranty)	+5.6%	+6.4%
Shop Parts Sales (Customer & Warranty)	+5.3%	+3.8%
Sales of All P&A	+6.6%	+7.3%

* Survey by Automotive News shows that dealers' service and parts business in April 1987 was 104.1 percent of business in April 1986. Service business in the first 4 months of 1987 was 103.7 percent of business in the corresponding period in 1986.

Gross profit on all labor, parts and accessory sales climbed 6.2 percent; total labor sales (customer paid and warranty) rose 5.6 percent; and shop parts sales (customer paid and warranty) were up 5.3 percent.

Parts and accessories sales to off-premises customers climbed 7.6 percent in April.

Sales of all parts and accessories also showed the biggest gain through the first four months of 1987, up 7.3 percent.

Total labor sales climbed 6.4 percent; gross profit on all labor, parts and accessory sales rose 5.1 percent; and shop parts sales increased 3.8 percent.

Repair orders written fell 4.2 percent in the four-month period.

Parts and accessory sales to off-premises customers were up 10.0 percent through April.

Dealers accent summer specials

Sometimes, all it takes to build business is a gentle reminder to customers that service is available.

In an informal Automotive News survey of auto dealers on summer service specials they are promoting, the responses were hardly unique — air conditioning and oil change services were quite common.

Dealers also said they offered body repair service specials, transmission and alignment work and free safety checks.

For example, a Western Oldsmobile dealer said he offers coupons redeemable in the body shop, a free car wash with any service job and a free lubrication with an oil change. He advertises the promotions weekly in local newspapers.

A Midwest Ford dealer said he promotes transmission and wheel alignment service in addition to the summer standards of air conditioning, oil changes and belt and hose specials.

And a Western Chevrolet dealer said he also promotes front-end alignment as well as tire rotation and balancing service and a free safety check.

Toyota service

Toyota Motor Sales, U.S.A., is offering its dealers a "while-you-wait" service program to compete with aftermarket quick-service operations.

The program is called "Express Lane Service." It also enables dealers to spot additional malfunctions and suggest repairs to the customer.

Although Toyota dealers may offer any type of quick service, Toyota Motor Sales is recommending that its dealers start with oil and filter changes.

More than 300 Toyota dealers currently offer Express Lane Service, and plans call for additional dealers to offer it.

SHOP TALK

ARTHUR FLAX

Hispanic marketing

Chief Auto Parts, an auto parts retailer, has developed special store sites, advertising and community involvement with Hispanic communities.

Hispanic communities are a fast growing segment of the population, Chief noted. The communities are segmented — Mexicans, Puerto Ricans and Cubans are the large groupings — yet all Hispanics share a desire to maintain their cultural and linguistic identity.

Along those lines, Chief contributed to a renovation project on the West side of San Antonio, Texas, by building a store designed like other buildings in the area.

Store patrons may pick up bilingual comment cards that ask about the quality of service received.

Since Hispanics comprise 21 percent of Chief's customer base, customers may call a toll-free number and receive assistance in English or Spanish.

An advertising campaign also began in May. Television and radio ads, in addition to in-store point-of-sale material, are directed to Hispanic conssumer in selected markets.

Krex anniversary

Krex Inc., maker of a graphite oil additive, is celebrating its 40th anniversary of exclusive sales to new-car dealers.

The company noted that before it found a market with new-car dealers, the lubricant was used to help increase production of airplane engines during World War II.

During the war, a serious rejection rate developed on Rolls-Royce Merlin airplane engines that were being produced at the Packard Motor Car Co. plant in Detroit.

A lubrication problem was suspected, and the graphite treatment apparently solved the problem. It became a standard treatment at the plant.

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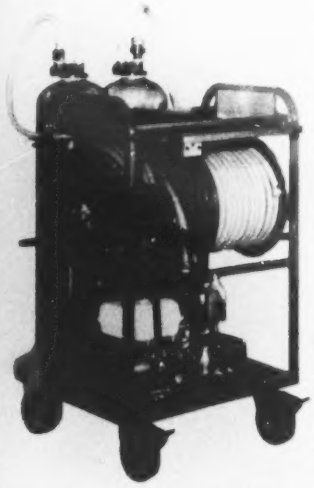

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SALES

Cars slip, trucks rise in Canada

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Sales of North American-built cars in Canada dropped 14.36 percent in May from the year-earlier total, but truck sales climbed a bit.

Canadian dealers delivered 69,430 North American-built cars in May, compared to 81,076 in May 1986. Truck sales totaled 36,993 in May, up 1.36 percent over 36,496 a year ago.

General Motors, Ford Motor Co. and Chrysler Motors offered low finance rates or cash incentives on selected vehicles during the month. GM offered 3.9 percent financing on 24-month loans or $750 cash rebates on several cars and light trucks. Ford offered loans from 3.9 to 9.9 percent or $750 cash on selected cars and light trucks. Chrysler offered cash rebates between $500 and $1,500 on some cars and trucks.

Five of the six domestic carmakers suffered declines in car sales compared to the year-ago month. Honda, Canada's sixth automaker, began producing four-door Accords in its Alliston, Ontario, plant in November 1986 and began importing its Acura sedan and coupe to Canada in March. Sales for May were 1,267 Canadian-built Hondas, 604 Japanese-built Acuras and 5,883 Japanese-built Hondas for a total of 7,554, compared to 6,409 last year. The 1986 sales were all imports.

CANADIAN SALES

	May 1987	May 1986	Pct. Change	5 mos. 1987	5 mos. 1986	Pct. Change
AMC						
Cars	497	957	-48.07	2,114	4,114	-48.61
Jeeps	2,036	1,571	+29.54	8,486	5,960	+41.89
CHRYSLER						
Cars	13,624	16,551	-19.07	67,477	70,699	- 4.56
Trucks	7,397	6,859	+7.99	31,192	20,992	+48.96
GM						
Cars	33,783	41,481	-18.56	158,397	189,147	-12.07
Trucks	14,454	14,803	- .24	65,998	64,848	+ 1.78
FORD						
Cars	19,840	21,831	- 9.12	88,998	88,448	+ .58
Trucks	13,107	13,272	-1.24	58,743	55,018	+ 6.77
VOLVO						
Cars	219	256	-14.45	973	1,152	-15.54
HONDA	1,267	—	—	2,913	—	—
TOTAL CAR	69,430	81,076	- 14.36	318,834	342,580	- 6.93
TOTAL TRUCK	36,993	36,496	+1.36	164,387	146,837	+ 11.96

GM's car sales dropped 18.56 percent in May. It sold 33,783 North American-built cars compared to 41,481 in May 1986. Ford car sales declined 9.12 percent. It sold 19,840 in May compared to 21,831 a year ago. Chrysler car sales were also down, falling 19.07 percent to 13,824 from 16,551 in 1986.

Sales of American Motors' Eagle dropped 50 percent to 22 units from 44 in May 1986. Deliveries of North-American built Renault cars fell 47.97 percent to 475 compared to 913 a year earlier. Canadian-built Volvo sales dropped 14.45 percent to 219 from 256 in May 1986.

GM was the leader in truck sales in May, although its sales were off a fraction from 1986. GM sold 14,454 trucks, down 0.24 percent from 14,803 a year earlier. Ford, with the second largest May sales volume, showed a 1.24 percent dip with 13,107, compared to 13,272 last year.

In addition to North American-built cars, GM in May sold 1,104 Suzuki-built Chevrolet Sprints, 966 Suzuki-built Pontiac Fireflys, 39 Isuzu-built Chevrolet Spectrums and 62 Isuzu-built Pontiac Sunbursts. Ford sold 874 Mercury Tracers, 31 Merkur Scorpios and 34 Merkur XR4Ti models. The Tracer is built in Taiwan; the Scorpio and XR4Ti in West Germany. Chrysler sold 1,356 Mitsubishi cars 17 Peugeots. As mentioned, Honda sold 604 Japanese-built Acura models and 5,883 Japanese-built Honda models.

Volvo sold 508 Swedish-built cars in May, and AMC sold 411 imported Renaults.

In the imported truck category, GM sold 37 Isuzu medium-duty trucks and Chrysler sold 430 Mitsubishi trucks.

CANADA MARKET SHARES May 1987

Cars	
General Motors	48.65%
Ford Motor Co.	28.58%
Chrysler Motors	19.91%
American Motors	.72%
Volvo	.32%
Honda	1.82%
Trucks	
General Motors	39.07%
Ford Motor Co.	35.43%
Chrysler Motors	20.09%
Jeep	5.50%

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Early-June deliveries drop

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

Sales of United States-built new cars for June 1-10 were off almost 10,000 units from even the depressed year-earlier count.

Sales dipped 4.41 percent, or 9,637 cars, to total 208,699, compared with 218,336 last year.

The daily selling rate of 23,189 units was down 15.03 percent from the average of 27,292 in the comparable 1986 period. There were nine selling days in the period this year and eight days last year.

Sales slipped despite widespread retail sales incentives.

Dealers said customers have grown accustomed to rebates and reduced financing charges. As a result, even as incentive expiration dates approach — as they did in the most recent sales period because many plans were to expire June 15 — there was no jump in sales as some might expect.

In the period, American Motors dealers delivered 58.97 percent fewer cars than they did a year earlier. Volkswagen dealers saw a dip of 49.85 percent. Ford Motor Co. dealers retailed 20.57 percent fewer cars, while General Motors dealers reported a decline of 16.71 percent. Sales dipped 10.83 percent for Chrysler Motors dealers.

Nissan's retail sales in the June 1-10 period totaled 3,341 cars, up from 89 last year when Nissan's U.S. plant was done for model changeover.

Honda reported a sales gain of 114.10 percent in the period.

Toyota, which did not begin selling U.S.-made cars until last September, reported deliveries of 160 units in early June.

DOMESTIC SALES

	June 1-10, 1987	June 1-10, 1986
Renault		
Alliance-Encore	445†	1,200†
AMC	150†	250†
American Motors	595	1,450
Chrysler	8,888	7,843
Plymouth	9,411	10,728
Dodge	11,050	14,040
Chrysler Motors	29,078	32,609
Ford	41,158	32,994
Mercury	13,825	13,056
Lincoln	5,306	4,038
Ford Motor Co.	60,389	50,088
Buick	14,857	32,217
Cadillac	6,592	6,783
Chevrolet	45,100	45,585
Oldsmobile	20,358	24,924
Pontiac	20,510	19,988
General Motors	107,427	129,077
Volkswagen	997	1,988
Honda	8,712	8,135
Nissan	3,341	89
Toyota	160	0
U.S. Industry Total	208,699	218,336

† Estimate

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Automotive News®
June 22, 1987

Extra

SERVICE MANAGEMENT

Our annual survey reveals pessimism among managers

By Al Fleming

The mood of the nation's new-car dealership service managers is trending toward pessimism.

Not down-in-the-dumps pessimism.

More like, business-just-can't-stay-as-good-as-it's-been pessimism.

Still and all, those in charge of service operations for franchised domestic and import dealers in the United States are less confident about future business than at any time in the five years *Automotive News* has conducted its annual Service Management Survey.

Only half of those questioned about the outlook for the U.S. auto industry generally, and their dealerships specifically, indicated they expected business to improve this year and next.

That 50-percent level was down from 61.2 percent who anticipated improvement last year, 64.9 percent in 1985, 89.7 percent in 1984 and 89.1 percent in 1983.

In contrast, 22.1 percent said they expect slowdowns in 1987 and 1988. That compares to only 6.2 percent in 1986, 9.4

Continued on page E2

Cover illustration by Dave Harbaugh

COVER STORY

Continued from cover page

percent in 1983.

Granted, the industry was just shaking out of the recession doldrums in '83 and '84, and there was almost no way to go but up, because it was almost impossible for things to get worse.

Conversely, the industry has enjoyed back-to-back 11-million-plus retail sales of new cars (domestics and imports combined) in the U.S. in 1986-'85, including an all-time high 11,463,092 units last year.

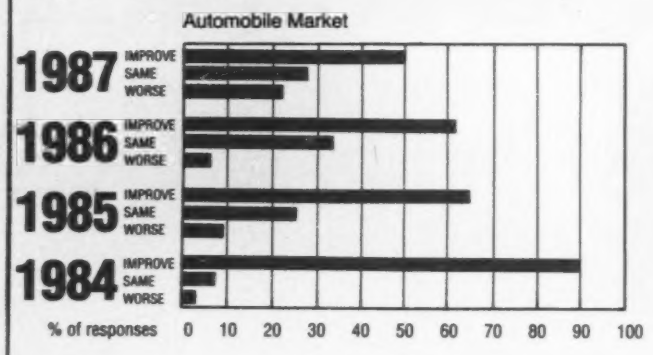
Apparently, half the service managers surveyed believe that robust pace can't be sustained for three or four years in a row.

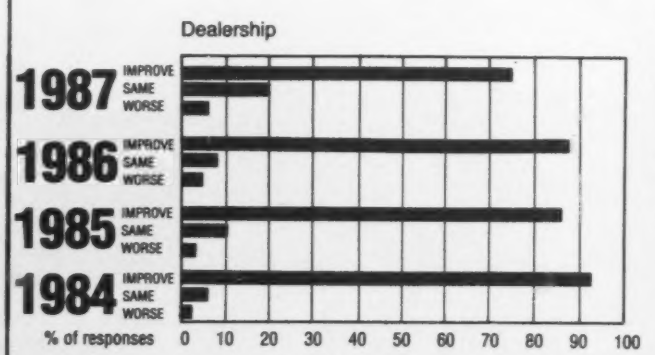
However, there are those who see continued good times.

A service manager in LaSalle, Ill., notes: "The market should improve for two-three years as late-model buyers roll over into newer products with extended powertrain warranties. These same long warranties tie the owner to the dealer. The real question is: Can the 'fixed operation' remain profitable as the percentage of warranty repairs increases?"

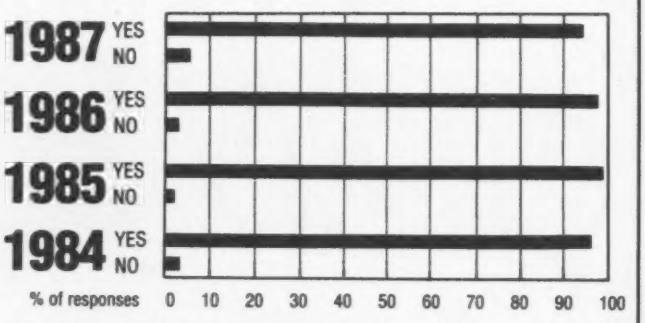
Another in Beaumont, Texas, expects business to keep getting better "because of a much-improved product, the manufacturer's commitment to build a quality vehicle and the dealership's commitment to service after the sale...I think the economy will be more stable, leading to more people with stable incomes being able to afford automobiles or service."

Question 1: What do you consider the business outlook to be for the automobile market in general and your dealership specifically for the next two years?

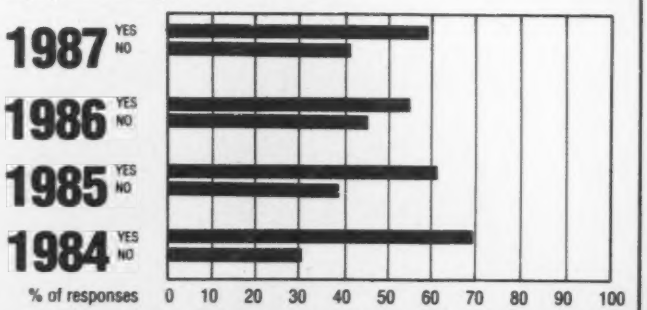

Automobile Market
1987 IMPROVE SAME WORSE
1986 IMPROVE SAME WORSE
1985 IMPROVE SAME WORSE
1984 IMPROVE SAME WORSE
% of responses 0 10 20 30 40 50 60 70 80 90 100


Dealership
1987 IMPROVE SAME WORSE
1986 IMPROVE SAME WORSE
1985 IMPROVE SAME WORSE
1984 IMPROVE SAME WORSE
% of responses 0 10 20 30 40 50 60 70 80 90 100

Question 2: Do you as a service manager feel your service department offers the potential for increased profits in the future?



Question 8: Does your dealership plan to buy any new service equipment this year?



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COMING JULY 13: AUTOMOTIVE NEWS ALL-STARS EXTRA

Industry Editor
Al Fleming

Assistant Industry Editor
Edward Peabody

A number of other findings are indicated by the 1987 survey, covering new-car dealership service managers throughout the U.S.

While managers continue to retain a high level of confidence regarding potential for increased profits by their operations (only 5.6 percent anticipate a decline), the negative response was the greatest in the survey's five-year history.

The vast majority expressing confidence in future-profit boosts listed such reasons as the increasing complexity of new cars, extended warranties, improved marketing and merchandising of service operations by dealerships and a reduction in competition from independent service stations.

Those foreseeing profit declines cited as the main reasons the improving quality of new cars and a falling new-car market in the next two years.

There apparently is growing sentiment among service managers that dealerships must step up spending to promote service operations. Of those responding, 37.5 percent — the highest count in the survey's history — said their dealers are not spending enough on these activities.

Among the 62.5 percent indicating such spending is sufficient, many said they have responsibility of and control over their service budgets.

Many also say they are using in-house computerized data bases to devise and track the effectiveness of their direct-mail, advertising and promotional campaigns.

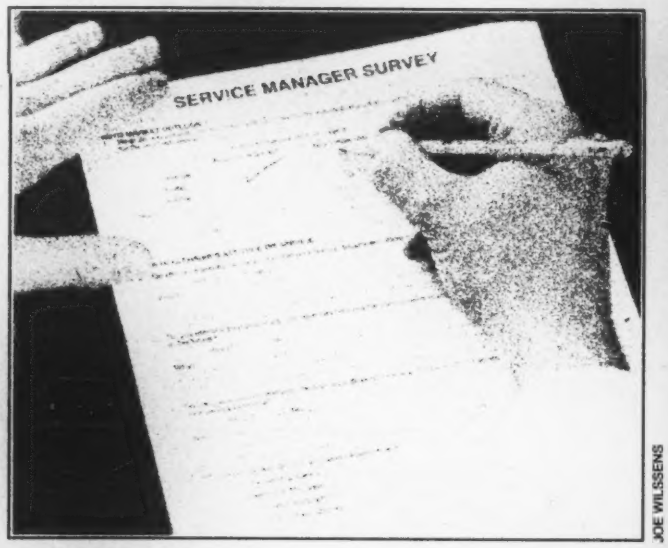
The survey also indicated growing control of their operations by service managers.

Of those surveyed, 91.7 percent, the highest number ever, said they participate in hiring dealership mechanics, while only 2.7 percent, the smallest number ever, said dealership managers participate in that function.

For the third straight year, 100 percent of the service managers surveyed said they are involved with service-equipment purchases at their dealerships.

Although 59.2 percent said their dealerships planned to buy new service equipment in 1987 — up somewhat from last year (55.0 percent) — intent-to-purchase this

Continued on page E4



JOE WILSSENS

A manager in Benson, N.D., says, "Increased interest rates on car loans and less tax incentives, along with increased new-car prices, will cause a drop in sales. We hope to maintain profits by increased service and parts sales."

Another in Cincinnati says: "I believe increases in inflation and the cost of bank loans, labor hours and foreign cars will influence a decline in the auto industry. The price of automobiles is too high. We have taken a large segment of working-class people out of the new-car market. This in turn has driven up the cost of used cars."

Some are less bullish, however.

Among other optimistic observations concerning the business outlook in 1987-'88 are these:

An Orlando, Fla., service manager: "The national economic trend does not appear to have changed much in the last 16 months. I see nothing to change that, and feel our position will improve because of positive steps to improve customer relations."

A service manager in southeastern Pennsylvania: "New models with electronics will be more appealing to the public, and service at the dealer level will be necessary. As cars become more complex, owners are almost forced to return to the dealership. A longer warranty and better guarantees insure customer return."

COVER STORY

Continued from page E2

year is below that indicated in 1985 (61.5 percent) and 1984 (69.4 percent).

Leading the list of purchases this year will be tune-up equipment, as indicated by 30.9 percent of the service managers, an all-time high for any equipment group in the history of the survey.

Other types of equipment indicated as showing sales increases this year are those used for wheel balancing, brakes, transmissions, engine overhaul and refinishing. Heading for a decline are sales of equipment used for wheel alignment and frame-body straightening.

A number of trends relative to service department operations are noted in the 1987 survey.

For one, their departments are working more hours per day, according to service managers.

Only 11.1 percent said they are operating fewer than 45 hours a week this year, down from 18.0 and 18.6 percent the previous two years. Also showing a decline this year (54.2 percent compared to 60.0 percent last year) are shops operating 45 to 50 hours a week.

In contrast, those open 51 to 55 hours, 56 to 60 hours and more than 60 hours, as a group, were reported by 34.7 percent of those surveyed, up from 22.0 percent a year ago.

Meantime, a trend to so-called megadealerships in the United States does not appear to be accompanied by a move to mega-service operations.

Those with fewer than 30 employees were cited by a record 86.2 percent of service managers surveyed, while those with more than 30 employees (13.8 percent) continued a three-year decline (18.0 percent in 1986 and 30.0 percent in 1985).

As for the most-profitable service operations in 1987, more than half (50.7 percent) of those surveyed — a five-year high — indicated tune-ups as their biggest profit-generator.

The only activity to register a decline as most-profitable service operation this year is "engine overhaul" (10.1 percent).

Meantime, new-car warranty work continued at the same pace as a profit contributor, 40.3 percent of those surveyed saying it is a "significant" factor in profitability, compared to 40.8 percent in 1986.

Extended service contracts went upward for the third year in a row as a solid profit contributor, 34.3 percent of those surveyed calling them "significant" this year, up from 27.0 percent in 1986, 17.1 percent in 1985 and 8.6 percent in 1984.

As for service managers themselves, the profile of "Mr. Typical," as indicated by the 1987 survey, is: 35 to 39 years old, eight to 11 years of experience as a service manger, was a mechanic just prior to becoming a service manager, and was paid more than $50,000 last year (mainly salary plus incentives).

A record 21.1 percent indicated their compensation in 1986 topped $50,000.

Of those surveyed, exactly 50 percent said they believe the salaries and benefits they received in 1986 were commensurate with their experience. ■

Statistics for this story were compiled by Stacey LoPrete.

Automotive News Survey of Dealer Service Managers

Note: Figures indicate percent of total responses for each question, each year; in some cases, totals add to more than 100 percent because of multiple responses to a question.

Question 1: What do you consider the business outlook to be for the automobile market in general and your dealership specifically for the next two years?

Automobile Market	1987	1986	1985	1984	1983
Improve	50.0	61.2	64.9	89.7	89.1
Same	27.9	32.6	25.7	7.6	8.6
Worse	22.1	6.2	9.4	2.7	2.3
Dealership	**1987**	**1986**	**1985**	**1984**	**1983**
Improve	74.3	88.0	86.9	92.1	86.6
Same	20.0	8.0	10.2	5.3	10.5
Worse	5.7	4.0	2.9	2.6	2.9

Question 2: Do you as a service manager feel your service department offers the potential for increased profits in the future?

	1987	1986	1985	1984	1983
Yes	94.4	98.0	98.6	97.2	96.1
No	5.6	2.0	1.4	2.8	3.9

Question 3: Do you feel your dealership management believes the service department offers the potential for increased profits in the future?

	1987	1986	1985	1984	1983
Yes	90.0	96.0	97.1	94.4	95.2
No	10.0	4.0	2.9	5.6	4.8

Question 4: Do you as a service manager believe your dealership is spending enough on advertising and promotion to improve your service business?

	1987	1986	1985	1984	1983
Yes	62.5	74.0	72.3	74.3	66.4
No	37.5	26.0	27.7	25.7	33.6

Question 5: Who hires the mechanics in your service department?

	1987	1986	1985	1984	1983
Dealership owner	18.1	15.5	15.7	17.8	12.3
Dealership manager	2.7	2.9	5.7	6.7	6.2
Service manager	91.7	88.9	87.6	85.7	85.1

Question 6: When your dealership buys new service equipment, are you involved?

	1987	1986	1985	1984	1983
Yes	100.0	100.0	100.0	97.2	98.4
No	0.0	0.0	0.0	2.8	1.6

Question 7: Which statement below best describes your involvement in buying new service equipment?

	1987	1986	1985	1984	1983
Original purchase request	53.5	62.0	62.9	39.9	38.1
Approve make selected	39.4	48.0	38.6	24.3	24.0
Negotiate terms	19.7	28.0	22.9	3.7	5.4
Give advice on needs	42.2	58.0	37.1	53.5	57.7

Question 8: Does your dealership plan to buy any new service equipment this year?

	1987	1986	1985	1984	1983
Yes	59.2	55.0	61.5	69.4	—
No	40.8	45.0	38.5	30.6	—

Question 9: What type of service equipment does your dealership plan to buy this year?

	1987	1986	1985	1984
Tune-up	30.9	24.5	21.4	27.7
Wheel alignment	21.4	26.4	18.6	21.3
Wheel balance	14.3	11.8	10.0	14.9
Brakes	11.9	7.1	5.6	10.6
Transmissions	9.5	2.9	1.8	4.3
Engine overhaul	9.5	3.7	2.9	2.1
Refinishing	9.5	1.8	—	—
Frame-body straightening	7.1	10.8	10.0	12.8
Other	40.5	30.0	29.7	26.3

Question 10: Are new model cars more profitable to service than those of previous years?

	1987	1986	1985	1984	1983
Yes	12.5	13.7	11.4	11.8	14.6
No	40.3	50.9	54.3	52.9	67.4
Same	47.2	35.4	34.3	35.3	18.0

Question 11: How many hours per week is your service department open?

	1987	1986	1985	1984	1983
Less than 45 hours	11.1	18.0	18.6	11.1	23.5
45 to 50 hours	54.2	60.0	38.6	47.2	40.7
51 to 55 hours	20.8	14.0	27.1	19.4	19.5
56 to 60 hours	9.7	6.0	11.4	8.3	9.3
More than 60 hours	4.2	2.0	4.3	14.0	7.0

Question 12: How many employees are there in your service department including parts and service personnel?

Number of employees	1987	1986	1985	1984	1983
1 to 10	25.0	28.0	25.7	33.3	27.4
11 to 20	27.8	18.0	28.6	27.8	25.7
21 to 30	33.4	36.0	15.7	13.9	19.5
31 to 40	6.9	8.0	17.1	11.1	13.3
More than 40	6.9	10.0	12.9	13.9	14.1

Question 13: What is your most profitable service operation?

	1987	1986	1985	1984	1983
Tune-ups	50.7	24.0	40.3	39.8	39.1
Brakes	34.8	25.3	20.4	25.6	23.5
Transmissions	15.9	6.6	10.4	8.4	10.3
Wheel alignment	14.5	6.6	9.0	11.3	8.5
Body shop	11.6	9.3	6.1	7.7	5.9
Engine overhaul	10.1	13.3	3.3	1.8	4.4
Wheel balance	8.7	4.0	1.8	2.7	3.0
Other	13.0	10.6	8.7	2.7	5.3

Question 14: How much do the following contribute to your service profits?

1987	Significantly	Some	None
New car warranty work	40.3	54.2	5.5
Extended service contracts	34.3	62.9	2.8
1986	**Significantly**	**Some**	**None**
New car warranty work	40.8	48.9	10.2
Extended service contracts	27.0	66.6	6.4
1985	**Significantly**	**Some**	**None**
New car warranty work	44.3	48.6	7.1
Extended service contracts	17.1	67.3	15.6
1984	**Significantly**	**Some**	**None**
New car warranty work	48.8	43.9	7.3
Extended service contracts	8.6	74.3	17.1
1983	**Significantly**	**Some**	**None**
New car warranty work	38.2	52.3	9.5
Extended service contracts	23.4	60.9	15.7

Question 15: What is your age?

	1987	1986	1985	1984	1983
18 to 24	2.9	4.0	0.0	0.0	0.7
25 to 29	9.7	16.0	15.7	9.8	8.5
30 to 34	15.3	16.0	11.4	19.5	13.3
35 to 39	26.4	26.0	18.6	29.3	22.8
40 to 44	20.8	16.0	22.9	7.3	19.8
45 to 49	8.3	10.0	12.9	4.9	10.9
50 to 54	6.9	2.0	11.4	12.2	14.1
55 to 59	6.9	4.0	4.3	14.6	7.8
60 to 64	1.4	6.0	2.8	2.4	2.3
65 or over	1.4	—	—	—	—

Question 16: Before becoming service manager at your present or any other dealership, what job did you have?

	1987	1986	1985	1984	1983
Write-up man	30.6	24.6	31.4	24.4	16.9
Mechanic	43.4	43.4	37.2	44.1	38.1
Parts manager	7.3	8.6	5.7	9.8	12.2
Other	18.7	23.4	25.7	21.7	32.8

Question 17: How many years have you been a service manager (including time as service manager at previous dealerships)?

Number of years	1987	1986	1985	1984	1983
1 to 3	20.8	19.6	22.9	22.9	20.3
4 to 7	19.4	33.3	21.4	26.6	21.6
8 to 11	26.4	17.6	15.7	11.4	15.6
12 to 15	13.9	5.8	12.9	15.7	14.1
16 to 19	8.4	9.8	11.4	9.2	10.1
20 or more	11.1	13.9	15.7	14.2	18.3

Question 18: What was your total compensation last year for being a service manager?

	1987	1986	1985	1984	1983
Less than $15,000	2.7	4.1	2.9	2.7	3.1
$15,001 to $19,999	11.3	4.1	10.0	8.1	14.0
$20,000 to $24,999	14.1	18.7	14.3	16.2	15.6
$25,000 to $29,999	7.0	10.4	24.1	27.0	22.1
$30,000 to $34,999	9.9	8.3	11.4	13.5	12.5
$35,000 to $39,999	12.7	20.8	10.1	10.8	14.8
$40,000 to $44,999	11.3	14.5	8.7	6.8	3.9
$45,000 to $49,999	9.9	6.2	10.2	9.5	5.5
$50,000 or more	21.1	12.5	8.3	5.4	8.5

Question 19: What was your total compensation for being a service manager based on?

	1987	1986	1985	1984	1983
Salary only	15.3	9.4	8.6	11.8	14.1
Salary + overtime	—	1.8	1.9	2.9	2.3
Salary + bonus	31.9	26.7	38.6	41.2	29.7
Salary + incentive	41.7	43.6	45.2	35.3	42.2
Salary + stock	1.4	—	—	—	—
Salary + other	9.7	18.5	5.7	8.8	11.7

Question 20: Do you believe your salary and benefits are commensurate with your experience?

	1987	1986	1985	1984	1983
Yes	50.0	48.9	54.2	63.6	59.7
No	50.0	51.1	45.8	36.4	40.3

FEATURE

The underhood revolution

Can service equipment makers stay in step with technology?

American automakers expect the value of electronics in the average new car to reach $1,400 in 1990 from $25 in 1970 and $900 in 1985. What will this mean to the automotive service industry?

Anthony J. Zack, vice president of sales and marketing, Sun Electric Corp., Crystal Lake, Ill., answers that and other service-related questions. Sun primarily is engaged in the design, manufacture and marketing of diagnostic, test and service equipment for the motor-vehicle service industry and motor vehicle manufacturers in more than 100 countries.

■ Mr. Zack, automakers are predicting giant strides in electronic content in cars in the next three years. How does the service-equipment industry view that?

There's a quiet but significant revolution going on under the hood. Elements of the revolution don't seem to get their share of popular attention because many of them are inventions born of necessities to meet government-mandated fuel and emission requirements.

■ Could you cite an example?

Take distributorless engines. There aren't too many around yet; only about one new car in 10 in the U.S. had one last year. Next year we expect the ratio to climb to better than one in three. By 1990 almost two out of every three new cars built will have distributorless ignition systems. That's fast and pervasive. It's also good, because distributorless engines burn fuel more efficiently, boosting fuel economy and lowering emissions.

■ Why do you call this a quiet revolution?

Have you seen many ads incorporating this as a feature? I haven't, and I understand why.

Anthony J. Zack, vice president sales and marketing, Sun Electric Corp.

Buying your next car because it *doesn't* have something — in this case, a distributor — isn't a very compelling reason, is it?

■ So what does that mean to the car-service industry?

Just that service shops can't work on distributorless ignition in the same way they do conventional systems. You can't — or, at least, shouldn't — take those cars just anywhere for service. Yet few owners have even a clue that their cars' engines are distributorless.

■ What growth are you projecting for on-board computers?

Back in 1984, one-quarter of all cars on U.S. roads had them. This year that will climb to almost one-half. By 1990 the car without an on-board computer managing its engine will be on the endangered species list. To most of the automotive world, I guess, on-board computers have become rather *passe*. That's probably true with car owners, as well.

■ Has the service industry had any problems with on-board computers?

There was concern about how those black boxes would be handled — and mishandled — in service facilities. But life goes on, and everyone finds newer things to worry about. The problem is there's no standardization among automakers, and as each sends out cars with more variations of their individual on-board systems, the potential for service confusion grows.

■ Are there any other elements in the quiet revolution?

The least quiet of all, actually, and not entirely limited to under-the-hood, is anti-skid brake systems. Right now they're fairly limited in use to top-of-the-line luxury cars. We've pegged them currently at just 2 percent of the world new-car market. But we think they'll be in 41 percent of all new cars in about three years. Again, we're talking major technological change.

It may sound like these changes are unrelated — one deals with brakes, one with engines, one's computer-like. But there's a common thread running through them. They all involve electronics, and that's why electronic content is going through the roof.

■ What does this mean to the auto-service business?

As one Sun engineer remarked, "The new cars make TV technicians feel more at home under the hood than they do most automotive service personnel." What's more, surveys of automotive service-personnel skills invariably conclude that electronics is the least-developed skill of all.

■ Does this mean we're in big trouble?

No, emphatically. The answers to these automobile changes I've cited are being developed right alongside the changes themselves. For example, a Sun Adaptor was devised in 1986 to bring the technician up-to-speed on testing and repairing distributorless-engine systems. It's called the D.I. Link. It measures power and "wasted" stroke spark to determine how well the engine is doing its job. "Wasted" stroke readings are a new concept that helps even a less-than-aver-

Continued on page E26

Now, System D111 . . . like an alignment instructor in your shop.

The new D111 is the only system on the market with built-in vehicle specifications, step-by-step instructions, and vehicle adjustment graphics.

Now, anyone can be an alignment expert, because the System D111 shows you how.

- Alignment information is displayed on a 19-inch, color CRT screen. Instructions and graphics on the screen guide you through the alignment process.
- The system stores alignment specifications for over 95% of the cars sold in the U.S. in the past 10 years. That's approximately 900 listings.
- Specifications are recalled and displayed in a matter of seconds. No paging through a bar-code book or fumbling with a special pen.
- The system automatically compares the vehicle specifications to the actual condition of the car, and displays the results on the CRT screen.
- During vehicle adjustment procedures, illustrations and instructions on the CRT show how to make adjustments on the car, just like a service manual.
- A wireless remote control lets you operate the unit from anywhere in the alignment bay.
- A pre-alignment check list, helps merchandise your under-car services.
- An 8½ x 11 sheet-size printer provides a hard copy of the pre-alignment check and the alignment results.

These, and a host of other features, combine to make the new System D111 the most advanced system on the market today.

HUNTER engineering company

Praising the paperless office

Dealer parts department tests new electronic parts catalog

"Something had to be done about the sea of paper we were in, and we wanted to be the first."

That's why Chuck Hutton Chevrolet, in Memphis, Tenn., is one of the first General Motors dealers testing a new Bell & Howell electronic parts catalog system that eliminates the need for printed catalogs.

"The sheer size of paper (catalogs) is a major problem in our department," says Harry Bogard, manager of an $18-million department selling parts for all makes of GM cars and light trucks.

Bogard agreed to test the new system because it stores on very small optical and magnetic disks all the catalog information his 100-person staff needs, and does away with printed catalogs.

Called the IDB2000 (for image data base), the system allows clerks to call onto a screen all the detailed diagrams, photos, illustrations and exploded views that are printed in book form, plus related numerical information.

A single "personal computer-sized" workstation allows instant access to pictorial and numerical information for every GM car and light truck built in the last 10 years. In printed form this much information takes 16 running feet of counter space.

At Hutton Chevrolet, pairs of clerks at standard desks used to share one set of Chevy catalogs and an order computer. They had to leave their desks to look up parts in catalogs for other makes, wasting time. Bogard's goal was "to reduce all this paper and put everything needed at every desk."

Last January, all parts for a decade of GM makes and models were put on the electronic system.

A three-workstation IDB2000 system began test in June 1986 with parts for 1982-'86 Chevrolets and Oldsmobiles. Bogard says access to just the test catalog information "was an advantage to us."

He says he would like to have one workstation for every salesperson, but he started in March with the first production models in a 12-workstation system, and will work toward expansion.

Two of the test workstations were at the retail sales counter and one was at a phone desk. Two of the salespeople using them had only 12-18 months of parts experience; the third had worked in parts for 35 years. Each "adapted well" to the system, Bogard says.

Bogard says training on the system is faster and easier than paper catalogs, taking his people only two months to become "very proficient."

They learned the system using its touch screen, a feature which provides new users with "helps" in illustrated menus.

Users actually touch logos on the screen to make selections. Touching a part illustration, for example, retrieves its name and number in less than a second.

The touch screen is also helpful since illustration clarity is "very good," says Bogard, "and some customers like explaining what they need by looking at the diagrams and touching the screen."

Yet, early in their training, says Bogard, Hutton people started switching to the system's keyboard to find parts, because it's faster.

Bogard also likes the message feature, which alerts users to special bulletins. Some parts, for instance, are available only in kits, says Bogard, and the bulletins save time by calling special attention to these details.

The system communicates part numbers directly to the dealership's order-management computer system, saving time and reducing errors that sometimes occur during manual transfers.

Bogard believes the system will increase his parts sales and reduce costs, with 25 percent potential time savings for a trained user working with the entire GM parts line.

"Electronic look-ups are the way it's going to be. Might as well get used to it," Bogard says. "A couple years from now it will be such an accepted product that paper will go by the wayside." ■

REVOLUTION

Continued from page E24

age serviceman learn what is or isn't happening with a distributorless engine.

As for on-board computer-system proliferation, we've devised a software-intensive repair tool, called Test Link, that uses floppy disks to interface and converse with the various systems and each of their variations. Repairs that on-board systems require are amazingly simple if and when you know where to look. Usually it's something like replacing a sensor or reconnecting a wire.

But the on-board computer is just one of the advanced and exotic electronic components being built into cars today. There are a dozen systems in production today, above and beyond commonplace electronic controls such as power windows, doors and locks. These include automatic climate control, headlight delay system, keyless entry and illumination system, electronic message center, entertainment system with electronic stereo search, electronic instrument cluster, non-volatile memory module, automatic-dim day-night rearview mirror, electronic anti-theft system, air suspension and level control system, and anti-skid brake system.

■ That's quite a load for a car's electrical system.

But there's new service equipment to deal with it. It's called VAT-60. VAT is short for volt-amp tester, and it's intelligent, providing its own good-bad judgments on the condition of the car's battery, starting system and charging system. It can also do pinpoint tests on the various electronic components, providing information on their condition based on standard electrical specifications. It has a microprocessor brain that's programmed to reject improper testing procedures, such as not achieving the proper engine speed to conduct a valid test, or not holding that speed for a sufficient amount of time. It will also not permit skipping of test procedures. It's an example of how new, sophisticated technology is being matched by sophisticated testing tools that can be operated by technicians of average and below-average skills, and can still be counted upon to find the correct repair answers.

■ What about servicing anti-skid brake systems?

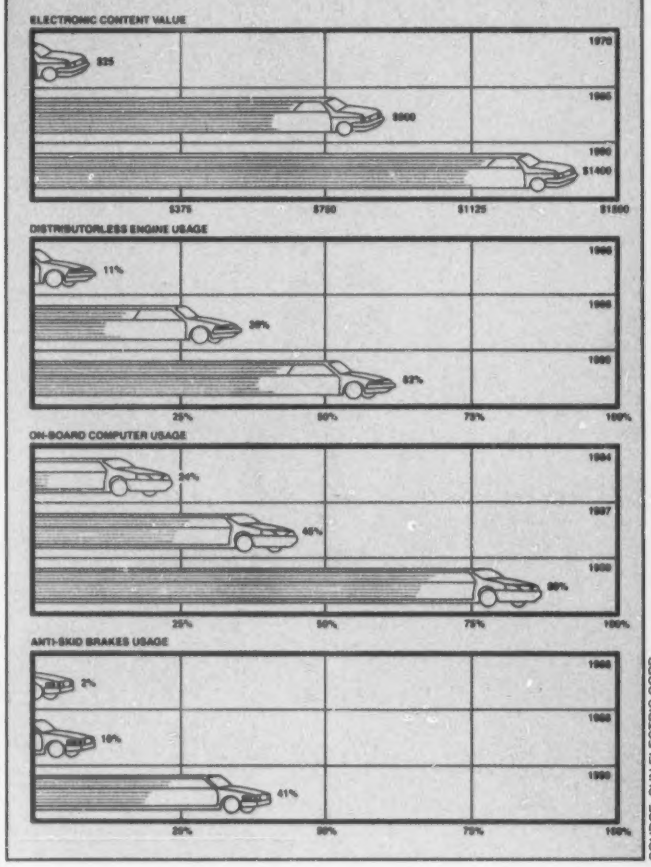
We believe we have another service answer of significance, and now under development. ABS looks like it will best be tested dynamically, rather than in the static manner that's generally proved satisfactory in this country for conventional brake systems. We've been building a computerized dynamic tester in Europe for some time already, and we're writing software to enable it to put anti-skid systems through their most revealing paces.

■ What's coming down the road?

Our latest piece of equipment, the Sun MCA, was introduced in January. It will test a car in any fashion its operator chooses — by symptoms, engine systems, even by what we call "rapid test," which can produce preliminary diagnostics in as little as two minutes. Imagine telling a car owner what the trouble is in just two minutes.

The MCA does pointed-results printouts and expansive explanations of the situation for the motorist. Car-owner printouts are so complete they even project what to expect regarding improvements upon completion of prescribed repairs. It examines every engine from more than 40 individual parameters stored on a disk. The disk carries all those limits and all the associated diagnostic messages for virtually every car model built in the U.S. in the last 20 years. ■

EMERGING TRENDS IN AUTOMOTIVE TECHNOLOGY



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AUCTION DATES

American Motors

June 23 — Aptco Auto Auction, Taylor, Mich., and Statesville Auto Auction, Statesville, N.C.

June 24 — Columbus Fair Auto Auction, Columbus, Ohio; Metro Milwaukee Auto Auction, Caledonia, Wis.; and Kansas City Auto Auction, Kansas City, Mo.

June 25 — Todd Auto Auction, Telford, Pa., and Evansville Auto Auction, Evansville, Ind.

Chrysler Corp.

June 23 — American Auto Auction, Walpole, Mass.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Arena Auto Auction, Chicago; Golden Gate Auto Auction, Fremont, Calif.; and Hatfield Auto Auction, Hatfield, Pa.

June 24 — Southwest Auto Auction, Phoenix, Ariz.; Butler Auto Auction, Gibsonia, Pa.; and Minneapolis Auto Auction, Plymouth, Minn.

June 25 — Clanton's Auto Auction, Darlington, S.C.; Northway Exchange, Clifton Park, N.Y.; and Indianapolis Auto Auction, Indianapolis

Ford Motor Co.

June 23 — South Seattle Auto Auction, Kent, Wash.

June 24 — Columbus Fair Auto Auction, Obetz, Ohio, and Clanton's Auto Auction, Darlington, S.C.

Used Car Sales
Auction Averages

June to date	$5,876
Month ago	$5,877
Year ago	$5,172

Model Breakdown
Auction Averages

	JUN 1987	MAY 1987	APR 1987
1987	$11,280	$11,046	$13,266
1986	$9,185	$9,287	$9,460
1985	$7,177	$7,194	$7,236
1984	$5,715	$5,718	$5,732
1983	$4,859	$4,873	$4,842
1982	$3,676	$3,705	$3,727
1981	$2,670	$2,705	$2,635
1980	$2,109	$2,141	$2,170
Overall Average	$5,876	$5,871	$5,832

General Motors

June 23 — Harrisonburg Auto Auction, Harrisonburg, Va.

June 24 — Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction, Kansas City, Mo.; Northstar Auto Auction, Shakopee, Minn.; West Palm Beach Auto Auction, West Palm Beach, Fla.; and Golden Gate Auto Auction, Fremont, Calif.

Tax change brings no lease boom

Business growing, but retail incentives make buying attractive

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The boom in vehicle leasing that was predicted as a result of changes in the U.S. tax code has yet to materialize.

A number of leasing industry sources reported that growth is continuing among both fleet and retail customers, but industry representatives indicate that the slow market for new cars is dampening what many had expected to be a great year for leasing.

Leasing managers for Ford Motor Credit and Toyota Motor Sales U.S.A. said retail incentive programs seem to be steering consumers away from leasing.

On the fleet side, major lessors such as Petersen, Howell & Heather Inc. and Gelco Corp. report continued growth in business, but no radical upturn.

The vehicle leasing industry was very optimistic when President Reagan signed an overhaul of the U.S. tax system last year. Groups like the American Automotive Leasing Association predicted a boom.

AALA and others argued that the phased-out elimination of consumer interest deductions, coupled with the loss of the sales tax deduction, would make leasing more attractive to car buyers.

That may still happen, according to Don Esmond, Toyota's fleet and truck manager, but "it is too early to tell."

"Low APR (annual percentage rate) programs are diverting some customers from leasing," he said. As for fleets, "We are having success with some of the large leasing companies that are writing leases for corporations."

Overall, "Our leasing is not down, but it has not gone up radically either," he said.

The situation is the same at Ford Motor Credit Co. Cliff Damaska, retail lease manager, said, "It is almost impossible to assess what impact the tax changes are having on leasing. Low-interest financing is bringing customers into the dealership and they want to take adavntage of those programs.

"Interest in leasing has increased and will continue to increase," he said, but for now "if a customer reads those ads, he wants the incentives."

Damaska said there are absolute advantages to leasing, especially for businesses. What is needed, he said, is for customers to look at the retail programs and leasing and then compare the advantages. "Right now, it is still a discussion that must be begun by the dealer rather than the customer," he said.

Andrew Strauss, president of LMV Leasing Inc., said changes in the tax code have generated "a great deal of interest in leasing as companies re-evaluate leasing vs. buying." Strauss said he expects that interest to result in an extremely hectic fourth quarter, since most fleets place orders for new vehicles in the fall.

Strauss said LMV believes consumer leasing will continue to increase as the deduction for consumer interest is phased out. It ends in 1991. Until the loss of that deduction hits home, consumers will continue to view leasing as a way to afford a vehicle rather than as a tax move, Strauss said.

Petersen, Howell & Heather reported expanded interest in leasing.

Donna Startel, vice president of communications and marketing support, said, "Changes in the tax laws have eliminated some of the rationale for ownership, especially among employee-owned fleets." The loss of the interest deduction is an important change for employee-owned fleets to consider, she said.

"I don't know if it is just PH&H, but the industry seems to be doing more leasing business. We have had no experience going the opposite direction, moving from leasing to buying," Startel said.

Consumer leasing is doing "very, very well," she said.

Gelco Corp. has done well during the last six months, according to Elin Schomaker, vice president of communications. "New-order activity is up and reaching record levels," Schomaker said. She said Gelco believes the tax law has had a real positive effect on orders.

Security Pacific Credit Corp., of Woodland Hills, Calif., the nation's largest bank in vehicle leasing, reported that leasing activity is down. According to Daryl Smith, senior vice president of credit, "Dealers don't seem to be pushing (leasing) right now."

Smith said that as an industry leader, Security Pacific is moving toward more conservative leasing terms. "Although we no longer have some of the large tax incentives like accelerated cost recovery and investment tax credit, much of the industry seems to be operating as though they still exist," he said.

He added, "Logic says that can't continue."

Smith said banks and leasing companies will have to adjust their leasing packages to the new tax environment and that could actually dampen leasing activity, depending upon how the packages are structured.

Rental giants poised for surge in profits

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Control of Hertz Corp., the world's largest car-rental company, is up for grabs just as profits and stability have begun to return to the industry.

The ownership of Hertz is in question because of a shakeup in the management of its parent Allegis Corp. earlier this month. It follows widespread changes in the car-rental business during the past two years.

As a result of the changes, all rental companies are generally leaner and more prosperous than they were two or three years ago, according to Fred Mudgett, president of Fred A. Mudgett & Associates Inc., a leading car rental consulting firm.

Mudgett said rental volume has been growing about 10 percent a year for the past several years and that the trend will continue.

He said two factors are fueling the growth. "Deregulation of airlines has put in the air an awful lot of people who need vehicles," he said. And the aging of the baby-boom generation has created a "tremendous increase in the age group that has to have a car everywhere they go."

According to Mudgett, the industry can look forward to revenue growth of nearly 15 percent in 1987. That follows a gain of about 10 percent in 1986.

"The years 1984 and 1985 were very bad because the industry was in a very, very competitive fight," Mudgett said. "The majors didn't increase rates, and in some cases rates went down."

That happened while costs were going up because of unfavorable car depreciation and a dramatic increase in insurance rates.

Mudgett said that in 1986, the car-rental companies "finally got the message that they had to produce profit, and rates started to work up."

"The industry ought to feel the whole effect of higher rates on their bottom lines in 1987," he added.

Mudgett said poor profitability was the primary reason for a number of ownership changes in the industry during the past two years. Hertz Corp., Avis, National Car Rental System, Budget Rent A Car Corp. and American International Rent A Car Corp. all changed hands.

Sources close to Hertz say management is exploring a buyout and that Allegis may be receptive to the plan. The new chief executive officer of Allegis is former Hertz Chairman Frank A. Olson. Allegis bought Hertz from RCA Corp. in June 1985.

Olson took over as CEO of Allegis two weeks ago after the company's board of directors approved a plan whereby Hertz and other Allegis subsidiaries will be sold. Allegis intends to concentrate on its core business, United Airlines. Adoption of the plan caused the resignation of Allegis chairman Richard J. Ferris, who was responsible for the purchase of Hertz.

Hertz had estimated revenue of $1.02 billion in 1986 and a U.S. fleet of approximately 150,000 vehicles. In 1986, Hertz controlled an estimated 32 percent of daily on-airport car rentals in the United States, according to Automotive Fleet magazine. Hertz has an estimated 350,000 vehicles world-wide.

Avis was purchased by Wesray Capital Corp. in July 1986. Avis is the second largest car-rental company with 125,000 vehicles in the United States and 25 percent of the market for daily on-airport rentals. Avis had estimated revenue of $850 million in 1986.

National Car Rental System was purchased from Household International last December by an investment group led by Paine Webber Inc. National is the third largest car-rental company with 110,000 vehicles in the United States and 21 percent of on-airport daily rentals. National had estimated revenue of $650 million in 1986.

Last September, TransAmerica Corp. sold Budget to a consortium headed by the investment firm Gibbons, Green and VanAmerongen and Budget's top management. Budget is the fourth largest cart-rental company with 100,000 vehicles in the United States and 18 percent of daily on-airport rentals. Budget had estimated revenue of $650 million last year.

American International Rent A Car Corp. was purchased by Abbey North Corp., of Boston, in May of this year. American International has 12,000 vehicles and ranks 12 in number of vehicles operated. The company had estimated revenue of $62 million in 1986.

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PRODUCTION

Car output trailing '86

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Last week's scheduled domestic auto output increased over the prior week's build, but the weekly totals have been trailing the 1986 figures during the second quarter.

The reason for the lag is plant downtime because of slow sales and long model changeovers.

Automakers targeted 152,485 units last week, 3.54 percent more than the previous week's 147,277 but 15.36 percent below the year-ago week's 180,166.

So far this year, 3,717,565 cars have been assembled, 8.82 percent below the 4,077,381 completed last year at this point.

Last week's estimated output was shared as follows: General Motors, 49.83 percent; Ford Motor Co., 25.29 percent; Chrysler Motors, 14.99 percent; Honda of America Manufacturing Inc., 4.19 percent; New United Motor Manufacturing Inc., 2.46 percent; Nissan Motor Manufacturing Co. U.S.A., 1.93 percent; and Volkswagen of America, 1.31 percent.

As announced earlier, American Motors has ended production of 1987 Alliance models.

GM announced it will reduce its line rate by five units per hour at its Janesville, Wis., plant, effective Aug. 11. The reduction affects 350 workers. The Janesville plant assembles the Cadillac Cimarron and Chevrolet Cavalier.

On Aug. 24, GM will reduce line speeds at its Lordstown, Ohio, plant by six cars per hour and will lay off about 500 workers. The plant produces the Chevrolet Cavalier and Pontiac Sunbird.

GM's Oklahoma City plant is idle this week (June 22) for inventory adjustment, resulting in the layoff of 5,500 workers. Output is expected to resume June 29.

GM's Willow Run, Mich., plant resumed production today. It had been down one week for inventory adjustment.

As previously reported, Chrysler's Belvidere, Ill., plant is down for model changeover.

Ford slated Saturday overtime last Saturday at its Norfolk, Va., plant.

All Ford plants are scheduled for daily overtime this week.

Chrysler's St. Louis (No. 1 and 2), and Sterling Heights, Mich., plants were slated for Saturday overtime.

Week's truck production slips

Domestic truckmakers' scheduled production of 74,603 units last week, 1.04 percent below the previous week's 75,389 and 1.67 percent below the year-ago week's 75,871.

Year-to-date, 1,813,096 trucks have been assembled, 2.00 percent more than the 1,777,561 built last year at this time.

General Motors slated overtime last Saturday at three plants: Baltimore; Detroit; and Pontiac, Mich.

All Ford Motor Co. plants except Wayne, Mich., are scheduled for daily overtime this week. Wayne is idle for model changeover.

Canada assembles 400,000th car

Canadian automaker's built their 400,000th car of the year last Friday, 48 days behind 1986.

So far this year, 400,183 cars have been assembled, 29.46 percent below the 567,325 completed last year at this point.

Last week's targeted auto production totaled 18,318, 1.12 percent more than the previous week's 18,115 but 28.87 percent below the year-ago week's 25,753.

Truckmakers estimated last week's output at 18,537 units, 1.70 percent more than the prior week's 18,228 but 6.41 percent below the year-ago week's 19,807.

CANADIAN CAR	Week Ended June 20, 1987	Week Ended June 21, 1986	Week Ended June 13, 1987	June to Date	Jan. 1 to June 21, 1986	Jan. 1 to June 20, 1987
AMERICAN MOTORS	100	0	107	207	2,405	2,663
FORD MOTOR	10,857	11,209	11,079	33,345	272,812	257,883
GENERAL MOTORS	6,736	14,319	6,336	19,067	286,782	131,177
HONDA	400	0	368	1,060	0	3,175
VOLVO	225	225	225	675	5,326	5,085
Total Cars, Canada	18,318	25,753	18,115	54,354	567,325	400,183

U.S. TRUCK☆	Week Ended June 20, 1987	Week Ended June 21, 1986	Week Ended June 13, 1987	June to Date	Jan. 1 to June 21, 1986	Jan. 1 to June 20, 1987
CHEVROLET	21,037	22,337	19,578	61,069	509,440	531,286
DODGE	4,700	4,000	7,706	19,275	30,141	127,500
FORD	30,248	30,744	30,312	92,404	724,642	731,931
GMC	7,900	7,390	7,482	23,285	177,403	182,218
NAVISTAR	1,678	1,630	1,667	5,009	37,173	36,839
JEEP	4,500	3,600	4,094	13,371	91,932	104,382
NISSAN	1,790	3,820	1,796	5,364	60,506	40,490
AM GENERAL*	450	50	450	1,350	1,222	5,550
MISCELLANEOUS*	2,300	2,300	2,300	6,900	55,100	52,900
Total Trucks, U.S.	74,603	75,871	75,389	228,027	1,777,561	1,813,096

CANADIAN TRUCK	Week Ended June 20, 1987	Week Ended June 21, 1986	Week Ended June 13, 1987	June to Date	Jan. 1 to June 21, 1986	Jan. 1 to June 20, 1987
AMERICAN MOTORS	775	885	784	2,323	12,382	15,937
CHRYSLER	8,494	8,833	8,625	25,822	210,506	199,968
FORD	3,648	3,648	3,510	10,242	86,461	76,240
GENERAL MOTORS	5,385	6,241	5,087	15,413	144,557	100,675
NAVISTAR	225	200	222	672	4,695	4,697
Total Trks., Canada	18,537	19,807	18,228	54,272	458,601	397,585
N. Am. Trucks	93,140	95,678	93,617	282,299	2,236,362	2,210,681

U.S. CAR	Week Ended June 20, 1987	Week Ended June 21, 1986	Week Ended June 13, 1987	June to Date	Jan. 1 to June 21, 1986	Jan. 1 to June 20, 1987
AMERICAN MOTORS	0	2,268	0	673	28,327	15,539
Renault Total	0	2,268	0	673	28,237	15,539
Alliance	0	2,043	0	673	25,086	15,539
Encore	0	225	0	0	3,241	0
CHRYSLER MOTORS	22,850	31,040	21,190	68,611	687,567	562,206
Plymouth Total	5,550	10,687	5,562	17,128	204,453	172,439
Horizon	0	4,798	0	0	79,908	32,997
Sundance	2,000	455	1,794	5,777	667	51,095
Reliant	2,500	3,990	2,823	7,826	88,439	59,030
Caravelle	1,000	866	1,039	3,135	26,363	27,165
Gran Fury	50	780	126	390	9,076	2,152
Chrysler Total	9,100	8,608	8,057	28,798	226,051	163,802
Laser	0	774	0	0	24,782	0
LeBaron K	1,500	1,598	1,690	5,135	58,201	41,605
LeBaron J	4,000	0	2,497	9,822	0	58,220
LeBaron GTS	1,100	1,903	934	3,103	32,926	21,442
N. Yorker/E-Class	1,600	1,513	1,730	4,957	44,170	42,008
Fifth Avenue	900	2,820	1,206	3,782	65,990	20,527
Dodge Total	8,200	11,545	7,551	24,684	257,063	205,965
Daytona	2,000	1,067	1,242	4,918	26,535	28,603
Omni	0	2,372	0	0	75,453	28,363
Shadow	2,300	392	2,199	6,833	670	51,769
Aries	2,000	3,589	2,175	6,966	66,778	55,660
Dodge 600	1,000	1,717	1,009	3,046	41,951	24,293
Lancer	600	1,116	544	1,788	28,123	13,495
Diplomat	300	972	382	1,133	17,553	3,782
FORD MOTOR	38,559	39,404	39,928	119,153	904,025	959,599
Ford Division	27,924	28,774	28,979	86,418	617,171	675,202
Escort	8,170	7,994	8,768	25,989	195,996	183,113
Mustang	4,615	3,707	4,527	13,669	97,125	105,974
Tempo	3,497	4,156	3,964	11,255	101,389	94,170
Taurus	7,993	7,873	7,981	23,932	140,749	210,770
Thunderbird	3,649	3,054	3,739	11,523	81,910	81,175
L-M Division	10,635	12,630	10,949	32,735	286,854	284,397
Mercury Total	6,583	8,940	6,910	20,544	196,589	193,956
Lynx	229	1,466	218	668	32,675	19,786
Capri	0	835	0	0	8,560	0
Topaz	1,338	1,274	1,553	4,354	30,549	31,070
Cougar	2,435	3,088	2,509	7,683	82,558	76,249
Sable	2,581	2,297	2,630	7,839	62,247	66,851
Lincoln Total	4,052	3,690	4,039	12,191	90,265	90,441
Continental	458	408	404	1,273	10,180	9,104
Lincoln	3,042	2,768	3,030	9,146	67,709	67,835
Mark VII	552	514	605	1,772	12,376	13,502
GENERAL MOTORS	75,996	97,940	70,610	221,363	2,211,384	1,825,079
Buick Total	13,711	18,602	10,510	35,613	385,717	288,874
Skyhawk	415	1,960	296	996	43,578	15,241
Century	3,888	4,973	1,583	9,399	123,801	89,339
Regal	952	2,221	897	2,877	32,160	22,384
Somerset/Skylark	1,140	3,261	1,180	3,493	53,291	35,449
LeSabre (fwd)	4,550	3,761	3,814	13,075	63,185	64,461
LeSabre (rwd)	125	349	66	239	7,203	5,143
Electra (fwd)	2,400	1,384	2,409	4,809	50,118	48,673
Riviera	241	693	265	725	12,401	7,984
Cadillac Total	5,365	8,462	5,462	16,271	168,069	146,375
Cimarron	190	647	186	555	13,696	7,212
Allanta	120	0	142	406	0	1,913
Brougham (rwd)	1,080	627	1,030	3,266	46,851	37,089
DeVille (fwd)	2,884	4,048	2,990	8,813	84,955	78,820
Eldorado	573	647	602	1,707	12,000	9,525
Seville	518	627	513	1,524	10,565	11,816
Chevrolet Total	28,485	25,982	23,536	79,388	693,146	689,058
Chevette	0	2,284	0	0	55,191	0
Camaro	3,363	3,942	1,228	7,606	101,756	52,618
Cavalier	8,419	8,815	8,520	24,864	210,622	181,215
Celebrity	5,819	4,649	5,688	17,494	143,039	175,599
Corsica/Beretta	4,720	0	4323	15,775	0	131,345
Monte Carlo	1,178	1,986	1,209	3,642	56,706	35,802
Chevrolet	4,346	3,658	1,922	8,074	111,995	97,825
Corvette	640	653	646	1,931	13,837	14,854
Oldsmobile Total	15,391	22,381	17,473	46,924	550,664	348,352
Firenza	620	445	577	1,663	22,008	5,563
Calais	3,660	2,338	3,836	11,197	82,891	64,609
Cutlass Ciera	5,077	6,158	5,041	14,852	135,780	91,329
Cutlass Supreme	1,890	1,772	1,907	5,371	80,324	35,767
88 (fwd)	2,160	8,573	4,117	8,147	172,252	93,943
88 (rwd)	510	619	472	1,486	11,222	9,560
Olds 98	956	1,982	971	2,662	57,255	34,775
Toronado	518	513	552	1,546	8,932	9,206
Pontiac Total	13,044	22,513	13,629	43,167	413,788	352,420
Acadian*	0	555	0	0	9,456	0
Fiero	1,200	1,987	1,068	3,283	38,315	19,301
1000	0	1,457	0	0	16,623	0
Firebird	2,049	3,934	752	4,655	57,570	38,845
2000 Sunbird	2,287	3,557	2,330	6,912	71,067	56,593
Grand Am	5,280	5,947	6,256	17,743	109,033	126,812
6000	2,045	3,944	0	4,104	75,408	40,180
Bonneville	0	0	3112	6,085	0	65,436
Safari/Parisienne	203	1,132	121	405	36,276	5,253
HONDA	5,390	3,900	6,486	19,750	92,774	157,380
Civic	2,550	0	2876	8,616	0	53,051
Accord	3,840	3,900	3,609	11,134	92,774	104,329
NISSAN	2,940	0	2,948	8,874	21,517	67,767
NUMMI	3,750	3,600	4,071	11,845	87,508	92,470
Corolla	750	0	868	2,508	0	19,050
Nova	3,000	3,600	3,203	9,337	87,508	73,420
VOLKSWAGEN	2,000	2,014	2,045	6,038	44,279	37,525
Golf/GTI	1,750	2,014	1,795	5,288	44,279	31,624
Jetta	250	0	250	750	0	5,901
Total Cars,U.S.	152,485	180,166	147,277	456,397	4,077,381	3,717,565
Total Cars, Canada	18,318	25,753	18,115	54,354	567,325	400,183
N. American Cars	170,803	205,919	165,392	510,751	4,644,706	4,117,748
N. Am. Trucks	93,140	95,678	93,617	282,299	2,236,362	2,210,681
North American Cars and Trucks	263,943	301,597	259,009	792,980	6,881,068	6,328,409

Mercedes to withdraw 3 diesels

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Mercedes-Benz will shelve three of its turbodiesel cars in 1988, blaming a trap-oxydizer emission-control device that the company wants to study further.

The models are the 300-D four-door sedan, the 300-TD four-door wagon and the 300-SDL four-door sedan. All have six-cylinder engines.

The company also said it will notify 9,000 owners of 1985-model 300-D, 300-CD, 300-TD and 300-SD cars that have the device and urge them to contact dealers for an improved version at no charge. The cars have five-cylinder diesels and were sold in California and other Western states.

"This is another maintenance step and should be done every 30,000 miles," said a company spokesman.

Since the device can damage the turbocharger, Mercedes also will inspect and replace it at no charge, if necessary.

The trap oxidizer is an advanced diesel emission device that reduces particulate matter emissions. It was developed by Mercedes and is used only on cars sold in North America.

Field inspections of 1985 models sold in California and other Western states revealed that the device flakes small ceramic particles from its core, which can lead to premature tubocharger wear.

A Mercedes-Benz of North America spokesman said it does not affect compliance with emissions standards and that most drivers do not experience a difference in the response of the automobile.

Mercedes engineers are monitoring 1986- and 1987-model 300-D, 300-TD and 300-SDL turbodiesels with an improved trap oxydizer.

Company officials decided to suspend production of those models at the close of the 1987 model year until further research on the device is finished. The company will add two gasoline models to its 1988 lineup.

Five of the 14 models in Mercedes' current line are diesel-powered and account for 20 percent of sales. The company will continue to market 190-series diesels, which are not equipped with the trap oxydizer.

Discontinuing the three diesel models will adversely affect the company's Corporate Average Fuel Economy ratings, a company spokesman said.

"We are not certain how much it will affect CAFE ratings, but it will most likely result in higher penalties," he said.

Lucas purchases aerospace firm

TROY, Mich. — Lucas Industries Inc., the U.S. subsidiary of Lucas Industries PLC, a United Kingdom-based aerospace, automotive and industrial systems group, has purchased Western Gear Corp. for $88.8 million.

Western Gear is an aerospace firm with facilities in North Dakota and California. The company produces actuation systems, auxiliary gearboxes, helicopter transmissions, weapon rails and other products.

The acquisition of Western Gear gives Lucas' U.S. operations annual sales of $500 million.